LOAN AGREEMENT

1601 YESLER ACQUISITION LOAN
(1601 Yesler LLC)

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LOAN AGREEMENT

THIS LOAN AGREEMENT is made as of October ___, 2021, between **THE CITY OF SEATTLE**, a Washington municipal corporation ("Lender" or "City") and **1601 YESLER LLC**, a Washington limited liability company (and together with any successor and any person assuming its obligations hereunder, "Borrower").

WHEREAS, **AFRICATOWN COMMUNITY LAND TRUST**, a Washington nonprofit corporation ("Sponsor") has applied to Lender for a loan for the acquisition of real property at the address set forth in Part I below in Seattle, Washington, on which Borrower proposes to construct improvements to be known as 1601 Yesler Acquisition, for use wholly or in part as Low-Income Housing; and

WHEREAS, Borrower's proposed redevelopment of the property is dependent on future determinations, funding decisions and approvals, and Lender is willing to make a short-term loan solely for a portion of the costs of the acquisition of the property upon the terms and conditions set forth below;

NOW, THEREFORE, Borrower and Lender agree as follows:

PART I: BASIC LOAN TERMS

The following are the basic terms of this Loan, with cross-references to related sections of this Loan Agreement:

ITEM	CROSS REF	TERMS
CFDA Number	2.3	N/A
Property Address	2.20	1601 East Yesler Way, Seattle, Washington 98122
Maximum Loan Amount	3.1	$5,800,000.00
Fund Source(s) for this Loan	3.1	Coronavirus Local Fiscal Recovery Funds and other local funds
Type of Housing	3.1	Permanent
# of Extremely-Low Income Units	3.1	47
# of Very-Low Income Units	3.1	91
# of other Low Income Units	3.1	147
# of Manager Units	3.1	0

Number of City-funded Units (including manager)	3.1	285
Number of Total Units	3.1	285
Non-Residential Space Included	3.1	Yes X No _____
Special population to be served	3.1	Not applicable
Type of Project (check all that apply)	3.1	Acquisition X New Construction _____ Rehabilitation _____
Liens and/or encumbrances permitted prior to Regulatory Agreement	3.3	None
Liens and/or encumbrances permitted prior to Deed of Trust, but junior to Regulatory Agreement	3.3	Regulatory Agreement required by Washington State Housing Finance Commission, a public body corporate and politic and instrumentality of the State of Washington (the "Commission"), in form and content acceptable to Lender. Low Income Housing Covenant in favor of State of Washington State Department of Commerce, a department of the State of Washington ("Commerce"), on terms acceptable to Lender.
Liens and/or encumbrances permitted junior to Deed of Trust and Regulatory Agreement	3.3	Deed of Trust in favor of the Commission securing a loan for the Project in the amount of $4,120,000.00, on terms acceptable to Lender. Deed of Trust in favor of Commerce securing a loan for the Project in the amount of $3,880,000.00, on terms acceptable to Lender.
Amount of loan available for acquisition	3.4	$5,800,000.00
Date when Management Plan draft due	6.1	October 1, 2026
Date when final Management Plan, approved by OH, is due	6.1	January 4, 2027

Development Plan, approved by OH, is due	8.2	October 31, 2026

PART II: DEFINITIONS

Certain capitalized terms are defined in the recitals above. The following capitalized terms used in this Loan Agreement shall have the meanings set forth below unless the context otherwise clearly requires:

"60%-of-Median-Income Housing" means housing affordable to, and occupied by, households with annual incomes no higher than sixty percent (60%) of Median Income, as more specifically provided in the Regulatory Agreement.

"Affiliate" of any person means another person who, directly or indirectly, controls, is controlled by, or is under common control with, the first person, and also includes any general partner, managing member, manager, or sole member, of the first person or of any Affiliate of the first person, but does not include the Investor. For purposes of this definition, "person" includes any natural person; any type of partnership, corporation, or company; any public body and any other legal entity.

"CFDA" means the Catalogue of Federal Domestic Assistance in which numbers are assigned for federal Community Development Block Grant and federal HOME Funds.

"City" means The City of Seattle, Washington.

"City-funded Units" means all dwelling units to be constructed on the Property, together with all rights and interests in the Property appurtenant to those dwelling units. The presently intended City-funded Units are more specifically identified in the Regulatory Agreement.

"Construction" means all demolition, excavation, remediation, rehabilitation, modification, and new construction work on the Property, and related site improvements required or conducted in connection with such work, whether on the Property or on abutting land, and the installation of any and all fixtures and equipment on the Property in connection with such work.

"Deed of Trust" means the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing to be executed by Borrower with respect to the Property securing Borrower's obligations under the Promissory Note and this Loan Agreement, as the same may be amended.

"Director" means the director of OH or any person specifically authorized in writing by the Director to perform a particular function with respect to the Loan or the Property.

"Event of Default" means any one of the events described in Section 4.6 of this Loan Agreement.

"Extremely Low-Income Housing" means housing affordable to, and occupied by, households with annual gross incomes no higher than thirty percent (30%)of Median Income, as more specifically provided in the Regulatory Agreement.

"HUD" means the United States Department of Housing and Urban Development and any other department of the United States government that shall succeed to the functions of HUD with respect to low-income housing.

"Lender" means The City of Seattle in its capacity as lender under this Loan Agreement.

"Loan" means the loan from Lender to Borrower that is the subject of this Loan Agreement.

"Loan Agreement" means this Loan Agreement and any documents incorporated by reference specifically herein, together with any written amendments hereto executed in accordance with the requirements hereof.

"Loan Documents" means this Loan Agreement, the Promissory Note, the Deed of Trust, the Regulatory Agreement, the Property Acquisition Budget, all documents attached as exhibits to or incorporated by reference in any of the foregoing, any amendments to any of the foregoing duly executed and delivered by Lender and Borrower, and any additional promissory notes, instruments, or documents evidencing or securing the obligations of Borrower under any of the foregoing.

"Low-Income Housing" means housing affordable to, and occupied by, households with annual incomes no higher than eighty percent (80%) of Median Income, as more specifically provided in the Regulatory Agreement, and includes 60%-of-Median-Income Housing, Very Low-Income Housing and Extremely Low-Income Housing..

"Management Agent" means any person or entity retained by or on behalf of Borrower to manage the Property, or the lessee under any master or operating lease for the Property, but shall not include any employee of Borrower acting as such in management of the Property.

"Median Income" means annual median family income for the Seattle area, as provided from time to time by HUD, adjusted for family size. If HUD ceases to provide median income data no less frequently than annually, then "Median Income" shall mean such comparable figure for the Seattle area or an area including Seattle, published or reported by a federal, state, or local agency, as Lender shall select in its sole discretion. "Median Income" is more specifically defined in the Regulatory Agreement.

"OH" means the City of Seattle Office of Housing and any other department or office of the City that shall succeed to the functions of OH with regard to low-income housing.

"Other Financing Documents" means all of the following, whether existing as of the date hereof or in the future: (A) all promissory notes, loan agreements, mortgages, deeds of trust, security agreements, grant agreements, transferable development rights agreements, restrictive covenants, property use and development agreements, commitments, subscription agreements, partnership or joint venture agreements, joint development agreements, or other agreements or instruments relating

to any financing of any kind for the Project and/or secured by any interest in the Property or any personal property used in connection therewith, but not including the Loan Documents; and (B) all leases, subleases, management or operating agreements relating to the Property other than residential tenant leases or rental agreements.

"Priority Agreement" means the Priority and Subordination Agreement with respect to the Property entered into by and among Lender, Borrower, Sponsor, Commission and Commerce, as the same may be amended from time to time.

"Project" means the acquisition of the Property by Borrower.

"Promissory Note" means the promissory note in the original principal amount of Five Million Eight Hundred Thousand Dollars ($5,800,000.00) dated on or about the date hereof, executed by Borrower in favor of Lender to evidence Borrower's obligation to repay the Loan, together with any amendments executed by Borrower and consented to in writing by Lender, and any replacement note(s) that may be substituted therefor.

"Property"**Error! Bookmark not defined.** means that certain land located at the address stated in the "Basic Loan Terms" above, legally described in the Deed of Trust, together with all improvements and fixtures now or hereafter located thereon and all other property included in the definition of "Property" or "Collateral" in the Deed of Trust.

"Property Acquisition Budget" means the acquisition budget for the Property attached hereto as Exhibit A and hereby incorporated by reference, together with any amendments or modifications thereto hereafter approved in writing by Lender.

"Regulatory Agreement" means that certain regulatory agreement to be executed by Borrower and Sponsor for the benefit of Lender dated on or about the date hereof and recorded against the Property for the purpose of restricting the use of all or a part of the Property to Low-Income Housing as partial consideration for the Loan, as the same may be amended. Any other person executing or assuming the Deed of Trust shall also execute the Regulatory Agreement as a co-grantor.

"Unit" means a dwelling unit in the Property, except when part of another defined term.

"Very Low-Income Housing" means housing affordable to, and occupied by, households with annual incomes no higher than fifty percent (50%) of Median Income, as more specifically provided in the Regulatory Agreement, and includes Extremely Low-Income Housing.

PART III: LOAN AMOUNT, PURPOSE, SECURITY, AND DISBURSEMENTS

3.1 Amount and Purpose(s) of Loan; Use of Funds

A. Subject to the terms and conditions of this Loan Agreement, Lender shall lend to Borrower and Borrower shall borrow from Lender an amount up to the maximum amount stated under "Basic Loan Terms" above. The purpose of the Loan is to finance a portion of the cost of the acquisition of the Property, to be used upon completion of construction of the planned improvements

as Low-Income Housing. Portions of the Loan may be made from fund sources not identified in Part I, at Lender's discretion.

B. Lender has no obligation to disburse any of the Loan funds except in strict accordance with the terms of this Loan Agreement. Borrower shall use the proceeds of the Loan, and all other funds available for the Project from all sources identified on the Property Acquisition Budget and any interim financing received pending receipt of funds from such sources only for acquisition costs.

C. To the extent, if any, that the Property will be used for any purpose other than on-site management and supportive service space and City-funded Units, unless approved by Lender, costs associated with acquisition shall be paid from funds other than this Loan.

3.2 Promissory Note

The Loan shall be evidenced by the Promissory Note which is incorporated herein by this reference.

3.3 Security; Condition of Title

The Promissory Note and this Loan Agreement (except for the provisions hereof requiring compliance with the rent and occupancy provisions of the Regulatory Agreement) shall be secured by the Deed of Trust, in form and content satisfactory to Lender. Except as set forth in Part I of this Loan Agreement or otherwise hereafter approved in writing by Lender in its discretion, which approval may be contained in the Priority Agreement, and except for easements and covenants in favor of The City of Seattle or covenants for the benefit of the State of Washington (such as a condominium sale prohibition covenant) required in connection with the plans to redevelop the Property, there shall be no liens or encumbrances on the Property, whether prior to or subordinate to Lender's Regulatory Agreement or Deed of Trust.

3.4 Disbursement of Funds

Borrower's right to disbursement of funds is limited and conditioned as set forth in this Loan Agreement. Lender may, at its sole option, waive any condition, wholly or in part, with respect to any disbursement. Any request for disbursement by Borrower shall constitute a representation and warranty that, to the best of Borrower's knowledge, all applicable conditions to Borrower's right to such disbursement are satisfied, except as otherwise expressly set forth in the request for disbursement or in a progress report submitted with such request.

A. Procedure for Draws.

(1) Funds shall be advanced by Lender only through the closing agent for acquisition of the Property, pursuant to a closing statement acceptable to Lender. Any amount not disbursed at closing or returned to Lender by the closing agent shall remain undisbursed.

(2) Borrower shall not request disbursement of funds until the funds are needed for payment of eligible costs. The amount of the request must be limited to the amount needed.

(3) RESERVED.

(4) Any amounts constituting a development fee for purposes of the OH Developer Fee Schedule, effective July, 2015, shall not be an eligible cost, whether from Loan funds or any other funds.

B. Conditions Precedent to Advance. All conditions to advance of Loan funds must be satisfied no later than the date set for closing under Borrower's contract to purchase the Property, as such date may be extended, and in any event no later than October 31, 2021, or such longer period as may be agreed upon by Borrower and the seller of the Property. Prior to the advance of any Loan funds:

(1) Borrower shall furnish Lender, at Borrower's expense, from a title insurance company acceptable to Lender, an ALTA Extended Coverage 2006 form loan policy of title insurance in the amount of the Loan, showing Lender as an insured mortgagee, that fee title to the Property is vested in Borrower and that the Deed of Trust is a valid lien upon the Property, subject only to the Regulatory Agreement, any encumbrances expressly permitted to be prior to the Deed of Trust in Section 3.3 above or in the Priority Agreement and any other exceptions satisfactory to Lender in its sole discretion. The title policy shall: (a) include such endorsements as Lender shall request; (b) expressly insure Lender against the rights and liens of mechanics and other statutory lien claimants; (c) contain no exceptions for matters that could be ascertained by inspection or that would be disclosed by survey or rights of parties in possession; and (d) contain no exception for matters shown by survey except as Lender may allow in its discretion.

(2) Borrower shall have delivered to Lender an opinion of counsel in form and content satisfactory to Lender, to the effect that: (a) the Borrower, Sponsor, and their applicable Affiliates, are duly organized and validly existing; (b) the Loan Documents are duly authorized, executed and delivered by Borrower, and by Sponsor, where applicable; (c) the Loan Documents are the valid, binding obligations of Borrower, and of Sponsor, where applicable, enforceable in accordance with their terms; and (d) the execution, delivery and performance of the Loan Documents by Borrower and Sponsor will not cause a default under or violate any applicable laws (provided that counsel need not express any opinion as to City of Seattle ordinances) or any judgments, orders, decrees, agreements or instruments known to such counsel to which the Borrower or Sponsor is a party or by which any of them or the Property is bound.

(3) Borrower or other funding sources identified on the Property Acquisition Budget shall have deposited in escrow all other funds required for the acquisition of the Property and payment of related expenses, consistent with the terms hereof.

(4) Borrower and Sponsor shall have executed and delivered to Lender a Certificate and Indemnity Agreement Regarding Hazardous Substances and Building Laws in form and content acceptable to Lender.

(5) Borrower, and all other necessary parties, shall have executed and delivered to Lender all other Loan Documents required by the Lender in form and content acceptable to Lender.

(6) Borrower shall have provided to Lender a report of a qualified environmental consultant with respect to an investigation of hazardous substance issues and the presence of underground tanks on the Property, and such other documentation regarding environmental conditions as Lender may require, and such report and documentation shall be in form and content acceptable to Lender.

(7) Borrower shall have provided to Lender copies of insurance policies or other evidence satisfactory to Lender of property and liability insurance in compliance with the Deed of Trust.

(8) Borrower shall be in full compliance with all provisions of the Loan Documents and with all terms and conditions of all Other Financing Documents, and no event or circumstance shall exist that with the passage of time or giving of notice, or both, would constitute a default under the Loan Documents or any Other Financing Documents.

(9) Borrower shall not have received notice from any party to the effect that Borrower is in breach of, is in default under, has failed to comply with, or has failed to satisfy a condition to funding under any of the Other Financing Documents, unless all matters cited in such notice have been cured to the satisfaction of all parties involved, without adverse effect upon Borrower or the Project, prior to the request for an advance of funds hereunder, or Borrower has demonstrated to the satisfaction of Lender that there is no basis for any such notice.

(10) There shall be no legal or administrative action pending or threatened seeking to enjoin or prevent the Project or development and operation of the Property as Low-Income Housing as contemplated in the Loan Documents, or contesting the legality of any of the arrangements contemplated by the Loan Documents or any of the Other Financing Documents, and no order, judgment, finding, or ruling of any court or administrative agency shall be in effect that would prohibit, restrain, create reasonable uncertainty as to the legality of, or otherwise adversely affect, the completion of the Project, the funding of the Project as contemplated hereby, or the development and operation of the Property as contemplated in the Loan Documents.

(11) No party identified as a source of financing in the Property Acquisition Budget shall have withdrawn, reduced, or materially modified its commitment or intention to provide funding to the Project, and all such commitments shall be in full force and effect and satisfactory to Lender.

(12) Borrower shall have submitted to Lender a draw request in such form as Lender shall require and such other documents and materials as are required pursuant to the terms of this Loan Agreement or as Lender may reasonably require in order to demonstrate compliance with the conditions to disbursement hereunder and to document the costs incurred.

(13) The representations and warranties of Borrower contained herein shall remain accurate in all material respects as of the date of the requested disbursement.

(14) Any other conditions to disbursement set forth in this Loan Agreement shall be satisfied.

(15) RESERVED.

(16) The Project must be in compliance with all applicable federal laws, including without limitation laws relating to risk assessment, the protection of private property rights, and unfunded mandates.

PART IV: STANDARD LOAN TERMS AND CONDITIONS

4.1 Contracts

It shall be Borrower's obligation to ensure that each contract it enters into complies with all requirements of this Loan Agreement, and no consent by Lender to a contract, nor any failure to reject a contract or to require modifications, shall constitute either (A) an assurance by Lender that such contract complies with all requirements, or (B) a waiver or modification of any requirement. Borrower shall provide copies of all contracts for the Project to Lender promptly after execution thereof, and shall provide copies of subcontracts to Lender promptly upon request by Lender.

4.2 Construction or Alterations.

Borrower shall not cause any construction, demolition or alterations of the Property, without the prior written approval by Lender.

4.3 Access to Property

Lender and its agents shall at all reasonable times have the right to enter upon the Property upon reasonable advance notice to Borrower, or without notice in case of emergency.

4.4 Completion of City-funded Units.

Borrower shall complete the construction of the City-funded Units in accordance with the unit mix, count and affordability as set forth in the Regulatory Agreement on or before the "Latest Commencement Date," as that term is defined in the Regulatory Agreement.

4.5 Non-Assumability of Loan; Assignment of Agreement; Refinancing; Transfers; Lease of Property.

Except as otherwise provided herein, no assumption of the Loan and no assignment of this Loan Agreement are permitted without the prior written consent of Lender. Borrower acknowledges that the restrictions in this Section are necessary to ensure that the Property shall be restricted to use as Low-Income Housing as contemplated in the Loan Documents by an organization that is committed to serving the intended tenant population. Except for financing to retire the Loan, or refinancing for the purpose of developing affordable housing as set forth in Section 8.2 below, no refinancing of any part of the Property during the term of the Promissory Note and no transfer or other conveyance of any part of the Property is permitted without the advance written permission of Lender. Borrower shall not, without the express written consent of Lender, lease the entire Property or any portion thereof. Borrower shall not cause or permit any change in its form of organization or corporate purposes; the withdrawal, resignation, removal, dissolution or bankruptcy of any manager or limited or general partner of Borrower; or the addition of any manager or limited or general partner of Borrower, without Lender's prior written consent.

4.6 Default

Upon the occurrence of any of the Events of Default hereinafter described, Lender, at its option, may at any time thereafter elect to declare the Loan immediately due and payable in full, and/or may pursue and enforce all legal rights and remedies set forth in any of the Loan Documents or otherwise available at law or in equity. The following are Events of Default:

A. Failure to pay when due any amount of principal, interest, premium, or Contingent Interest owing on the Loan or on any other indebtedness referred to in any of the Loan Documents or Other Financing Documents, that is not cured within ten (10) days after Lender has provided written notice to Borrower;

B. Any failure to make a payment of money required by any of the Loan Documents, other than amounts referred to in subsection A above, that is not cured within ten (10) days of the due date of such payment and after Lender has provided written notice to Borrower;

C. Any breach of Section 4.4 of this Loan Agreement, Section 4.5 of this Loan Agreement (relating to transfers of the Property without consent and certain other matters) or of Section 4.15 of this Loan Agreement;

D. Any failure to comply with the provisions of the Deed of Trust relating to lien claims within the time period permitted by such provisions, that is not cured within thirty (30) days after written notice to Borrower;

E. Any breach or nonperformance of any provision of any of the Loan Documents not included within any of subsections A.- D. above that is not cured within thirty (30) days after notice to Borrower of such breach or nonperformance, or such longer cure period as may be permitted under the specific terms of the Loan Document, provided that if any such breach or nonperformance cannot reasonably be cured within thirty (30) days but can be cured within a reasonable time, there shall be no Event of Default under this subsection E. for a period of up to six (6) months so long as Borrower shall diligently pursue a cure;

F. The filing of a voluntary petition for bankruptcy or reorganization by Borrower, Sponsor or any general partner, manager or managing member of Borrower or Sponsor; the filing against Borrower, Sponsor or any general partner, manager or managing member of Borrower or Sponsor of any complaint for receivership or involuntary petition for bankruptcy or for reorganization (unless such complaint or petition be dismissed within forty-five (45) days of such filing); or if Borrower, Sponsor or any general partner, manager or managing member of Borrower or Sponsor shall be dissolved or become insolvent, or make a general assignment for the benefit of creditors, or consent to the appointment of a receiver of all or any of its assets, be dissolved or have its existence terminated, or voluntarily suspend its usual business;

G. Any material misrepresentation by Borrower, Sponsor or any general partner, manager or managing member of Borrower in any of the Loan Documents or in any information submitted by Borrower or Sponsor to Lender or to any government agency in connection with the Loan or the Property, or any material breach of any warranty made by this Loan Agreement that is not cured within thirty (30) days after notice to Borrower; or

H. Any default under, breach of, failure to comply with, or failure to satisfy any condition of any of the Other Financing Documents (other than as set forth in subsection A. above) unless such default, breach or failure is waived in writing by all interested parties or is cured within an applicable cure period permitted by the Other Financing Documents in question, in either case before any party has the right to exercise any remedy or to be excused from any performance as a result of such breach, default or failure.

In addition, any withdrawal of a general partner, manager or managing member of Borrower, or removal of a general partner, manager or managing member shall constitute a default under the Loan Documents and shall be grounds for acceleration of the maturity of the Loan.

4.7 Forbearance Not a Waiver

No failure by Lender to enforce its rights, remedies or options shall be deemed to be a waiver of any rights, remedies or options hereunder or at law or in equity. Notwithstanding any prior forbearance, at any time that any breach, default, failure to satisfy a condition or other circumstance giving rise to any rights, remedies or options of Lender hereunder continues to exist or is repeated, Lender may enforce any or all of its rights, remedies or options arising by reason of such breach, default, failure to satisfy a condition or other circumstance.

4.8 Maintenance of Property; Compliance with Laws; Indemnity; Waiver of Immunity

A. For as long as Borrower is indebted to Lender: (1) Borrower shall maintain the Property in good and habitable condition and repair and in compliance with all applicable laws, ordinances, codes, rules, and regulations; (2) Borrower shall not commit or allow waste; and (3) Borrower shall operate the Property, or cause Borrower's Management Agent to operate the Property, in full compliance with all applicable laws, regulations, codes, rules, and ordinances.

B. Borrower shall defend, indemnify and hold harmless the City and its officials, employees, agents and volunteers from all claims, actions, liability, expenses and damages of any nature (including costs and reasonable attorneys' fees), including without limitation claims for damages because of personal or bodily injury (including death at any time resulting therefrom), that result wholly or in part from, or are asserted based upon, any actual or alleged condition of the Property or any actual or alleged act or omission by the Borrower or any Management Agent, or by their employees, contractors, subcontractors or agents, in connection with the Project or the Property. Except as may be required by applicable law, the above indemnity shall not be diminished by any actual or alleged acts, omissions or negligence of the City, its officers, employees, volunteers or agents, except that the indemnity obligation shall be diminished to the extent that loss, damage, liability, or expense to the City or other indemnified person shall have been caused by any willful misconduct, fraud, or gross negligence of the City or such other indemnified person for which the City or such other indemnified person is liable to the third party bringing the claim that gives rise to the demand for indemnification under this Section 4.8B. If the Revised Code of Washington (RCW) 4.24.115 (or successor provision) shall apply to any claim, then to the extent required by such statute, (1) this indemnity shall not apply in case of any liability for damages arising out of bodily injury to persons or damage to property caused or resulting from the sole negligence of the City, its agents or employees, and (2) in case of liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the concurrent negligence of (a) the City or its agents or employees, and (b) Borrower or its agents or employees, this indemnity shall apply only to the extent of Borrower's negligence.

C. **Borrower waives, solely with respect to the City, and solely with respect to this Section 4.8, its immunity under RCW Title 51, Industrial Insurance. Borrower and Lender acknowledge that this waiver has been specifically negotiated and that Lender would not enter into this Loan Agreement absent this waiver.**

4.9 Communications

A. Requests for payment and other communications to Lender required or permitted by the Loan Documents shall be in writing and shall be addressed to:

City of Seattle
Office of Housing
700 Fifth Avenue, Suite 5700
Post Office Box 94725
Seattle, Washington 98124-4725
Attention: Director

or to such other official or address as Lender may designate. All such written communications shall be deemed delivered three (3) business days after mailing, postage prepaid, to the address above or upon personal delivery to the Director of OH or his/her designee.

B. All warrants, notices and other written communications with Borrower shall be addressed to Borrower's address set forth at the end of this Loan Agreement, or to such other official or address as may be designated by Borrower in the future. All such warrants, notices and other written communications shall be deemed delivered three (3) business days after mailing, if mailed, or upon personal delivery during normal business hours to the address indicated above, or upon transmission by facsimile during normal business hours to the number or electronic address provided by Borrower, if any.

4.10 Attorneys' Fees and Expenses

In the case of any material breach or default by Borrower in the performance of any of the terms, conditions or covenants of any of the Loan Documents, or in case of an Event of Default, if attorneys are employed by Lender for collection, adjustment, enforcement or settlement, whether suit be instituted or not, Borrower agrees to pay a reasonable sum as attorneys' fees and costs in connection with such collection, enforcement, adjustment, settlement or suit, unless Borrower is determined by a court to be the prevailing party. Lender also shall have the right to commence an action or appear in any proceeding or action purporting to affect the Property, the rights or duties of the parties hereunder or the payment of funds pursuant to this Loan Agreement, and in connection therewith, Lender shall have the right to incur reasonable expenses, employ counsel and pay reasonable fees and costs, and Borrower agrees promptly to reimburse such fees and expenses with interest at the rate of twelve percent (12%) per annum. Any reference to attorneys' fees in the Loan Documents shall include, where applicable, an allowance for the services of in-house counsel, which in the case of Lender shall be based on prevailing rates for attorneys with similar levels of experience at private law firms in downtown Seattle.

4.11 Non-Recourse Obligation

Except for any guaranties required under the Loan Agreement or otherwise executed in favor of Lender, any other provision herein notwithstanding, neither Borrower nor any limited, general partner, manager or managing member of Borrower or Sponsor, shall have any personal liability for repayment of the Loan other than to have the Property and any other collateral under the Deed of Trust or other Loan Documents, and the rents, income and proceeds therefrom, applied to satisfy the amounts due under the Loan Documents; provided that Borrower and/or its general partner, manager or managing member (if any) shall be liable for damages or deficiencies (including costs and reasonable attorney's fees) resulting from: (A) fraud; (B) waste; (C) material misrepresentation; (D) misappropriation of rents, reserves, insurance payments or condemnation proceeds; (E) failure to maintain required insurance without advance written notice to Lender; (F) breaches of covenants or warranties regarding hazardous or toxic substances; and (G) costs of compliance with laws, regulations and orders of environmental agencies regarding hazardous or toxic substances; and provided further that this nonrecourse clause shall not apply to any indemnities in the Loan

Documents, or to any separate indemnity agreement, or to obligations under the Regulatory Agreement.

No officer, director, manager, governor, trustee, or employee of Borrower or of any partner of Borrower, nor any individual serving in a similar capacity for Borrower or for any partner of Borrower or for any manager or member of any partner of Borrower, shall have any liability under the Loan Documents.

4.12 Transfer of Development Rights

Borrower shall not sell or transfer development rights from the Property without the prior written consent of Lender.

4.13 Bonus Programs and Land Use Agreements

Without the prior written consent of Lender, Borrower shall not enter into any agreement (A) under which another party would receive a bonus under the City of Seattle Land Use Code with respect to the Property, or (B) under which the Property would be used to permit another development to satisfy or claim exemption from any development standards or restrictions. If Borrower directly or indirectly receives consideration with respect to the Property (including any loans to or equity investments in the Property) in any form as a result of any agreement of the type specified in the previous sentence, it shall be used to reduce the balance of the Loan unless otherwise approved in writing by Lender. Prepayments of principal pursuant to this Section shall not be subject to a prepayment premium.

4.14 Intentionally Deleted.

4.15 Cash Distributions Limited.

Borrower shall not, without the advance written consent of Lender: (A) make any cash distribution to any partner, Sponsor or to an Affiliate of either of them; (B) pay any developer fee or similar compensation to any partner, manager or member of Borrower or an Affiliate of any of the foregoing; or (C) make any type of fee payments to the Sponsor or an Affiliate thereof, until Borrower has, through the date of such cash distribution or payment, satisfied all obligations and expenses of the Property listed below:

(1) all expenses that have come due in ownership or operation of the Property, other than amounts payable to Sponsor or its Affiliates;

(2) all regularly scheduled debt service payments of loans, except any loan to be paid from available cash flow, the proceeds of which were used for the acquisition or development of the Property or to refinance debt incurred for such purposes; and

(3) any contributions that are required by any funding agreement for the Project approved by Lender, or are approved in writing by OH, to any reserves established by Borrower for the Property.

4.16 Covenants, Representations and Warranties.

Borrower represents and warrants that: (A) each of Borrower and Sponsor is a legal entity of the type indicated on page 1 of this Loan Agreement duly organized under the laws of its state of organization as indicated, and if not organized under the laws of the State of Washington is duly qualified to do business in the State of Washington; (B) Borrower and Sponsor each has full power and authority to enter into the Loan Documents, as applicable, and perform their respective obligations thereunder and all transactions contemplated thereby; (C) the execution, delivery and performance of the Loan Documents and the transactions contemplated thereby have been duly authorized by all necessary corporate and other action on the part of Borrower and Sponsor; (D) the execution, delivery, and performance by Borrower and Sponsor of the Loan Documents do not and will not conflict with or cause a default under any Other Financing Documents; and (E) the information submitted by Borrower or Sponsor in its application for this Loan is true, complete and correct in all material respects as of the date of this Loan Agreement, except as otherwise stated in the Loan Documents or disclosed in writing to OH by Borrower or Sponsor after the date of the application.

4.17 Reporting.

A. Annual Reporting. Borrower covenants and agrees, that so long as the Regulatory Agreement is in effect, Borrower shall submit annually to OH on or before June 30 of each year, or another date agreed to in writing by Lender and Borrower, commencing in 2022, a written report showing Borrower's and the Property's compliance with all the terms and conditions of the Loan Documents during the previous calendar year. This report shall include the following information pertaining to the Property, as applicable:

(1) certification that no hazardous materials are being stored on site, except in accordance with applicable laws;

(2) insurance certificate showing the Lender as loss payee on property insurance, when required by the Loan Documents, and as additional insured on liability insurance, in form and content acceptable to the Lender;

(3) explanation of any alterations occurring to the Property during the prior year;

(4) full financial statements for Borrower and, if Borrower has any operations other than on the Property, then for the Property separately, prepared in accordance with Generally Accepted Accounting Principles, which if so requested by Lender shall be audited or reviewed by an independent certified public accountant (an audit satisfying federal OMB Circular A-133 will suffice);

(5) a description of any neighborhood complaints and outcomes;

(6) an accounting of any increase or decrease during the past year in net expenditures on the Property that would qualify for deduction in computing "Net Proceeds" for purposes of computing Contingent Interest under the Promissory Note;

(7) such other information as may be required by any provision of the Loan Documents; and

(8) provided that Lender gives such advance notice as is necessary to collect or prepare the information, such other information as may be reasonably requested by Lender.

B. Progress Report. From the date of this Loan Agreement through the calendar quarter following the issuance of a final Certificate of Occupancy for the City-funded Units, Borrower shall deliver a quarterly progress report to Lender. The progress report shall be due on the fifteenth (15^{th}) day of the first month of the quarter (i.e. January, April, July, October) unless otherwise agreed in writing by Borrower and Lender. Each progress report shall include at least the following:

(1) Schedule: A schedule for significant milestones in the proposed development and permanent financing of the Property, showing whether any proposed redevelopment is expected to meet any deadlines and whether all fund sources are expected to be available when needed.

(2) Status: Current status of the Borrower's proposed redevelopment of the Property, including:

(a) Status of applications for or commitments of capital, operating and supportive services fund sources, and final loan documents from other sources.

(b) Status of architectural, engineering, and permitting work.

(3) Relocation: Status of any relocation activities and copies of all documentation including notices to residents and benefit calculations (if applicable).

(4) Notification and Good Neighbor Activities: Update on community notification and good neighbor activities conducted by Borrower.

If a quarterly status report indicates any problem or anticipated problem in compliance with the terms of this Loan Agreement or in securing permanent financing for the Property, then the report must include an explanation of the reasons for any such problems or changes and a proposed plan for dealing with any problems identified. The acceptance by Lender of any report shall not be deemed to constitute approval of any changes shown or proposed in the report or any waiver of any requirements in the Loan Documents. It shall be the responsibility of Borrower to obtain the Lender's approval in writing of necessary changes.

4.18 Maintenance of Records; Lender's Inspection.

Until the Loan is paid in full, or three (3) years after the expiration of the Regulatory Agreement, whichever is later, Borrower agrees to maintain complete and accurate books and records sufficient to determine compliance with all applicable regulatory requirements and with all of the terms and conditions of the Loan Documents. Borrower shall maintain records demonstrating compliance with federal regulations for at least five (5) years after the year to which such records relate. Subject to reasonable provisions to protect the privacy rights of individual residents of the Property, Borrower shall permit Lender, or any representative of any other government or agency providing any funding to the Project, upon reasonable advance notice, during normal business hours, to inspect and copy Borrower's books and records as they pertain to the Loan, the Project and the Property.

4.19 Entire Agreement; Parties Bound and Benefited; Amendments, Consents and Waivers; Construction; Severability; Duration.

A. Entire Agreement. This Loan Agreement incorporates the Exhibit(s) attached hereto, and all of the Loan Documents, and, together with all such documents and any additional certificates or indemnity agreements executed by Borrower in favor of Lender in connection with this Loan, constitutes the entire agreement between the parties with respect to the Loan. If there is any other grant, loan, subsidy or agreement made by or through the City related to the Project or the Property, including without limitation any agreement related to the transfer of development rights, the requirements of all contracts and other documents concerning such other grant, loan, subsidy or agreement are in addition to, and do not supersede (nor are superseded by) the Loan Documents. All of the requirements and remedies in all of the Loan Documents are cumulative, and compliance by Borrower with provisions of one Loan Document on a particular subject shall not relieve Borrower from the obligation to comply with provisions of any other Loan Document on that subject.

B. Successors. This Loan Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Borrower, Lender, and Lender's successors and assigns. No provision of this Loan Agreement is intended to be enforceable by any third party, but it shall not be a defense to the exercise of any remedy of Lender under the Loan Documents that only third parties have been damaged by acts or omissions of Borrower or that the remedy sought would benefit only third parties.

C. Amendments. This Loan Agreement may not be modified or amended other than by a written document executed by both parties, nor shall any waiver of any right or remedy of Borrower or Lender be valid unless in writing and signed by the party granting the waiver. No such document or waiver shall be binding upon Lender unless signed by the Director or the Mayor of the City, or his or her designee.

D. Consents or Approvals. Unless otherwise expressly provided in the Loan Documents, any consent or approval of Lender required by any provision of the Loan Documents must be obtained from OH for the purpose of such provision of the Loan Documents, notwithstanding any consent, approval or permit issued by any City officer for any other purpose, including without limitation regulatory or licensing purposes. No permission, consent, or approval of Lender contained herein or given pursuant to any of the Loan Documents is, or shall be construed as, a representation or assurance that the matter permitted, consented to or approved complies with any other agreements

or with applicable laws, regulations, ordinances or codes, nor shall any such permission, consent or approval be construed to authorize any failure to comply with any of the foregoing. Any provision hereof to the effect that Lender's consent will not be unreasonably withheld, or that the Lender's exercise of discretion in granting such consent will be reasonable, applies to such consent if requested in advance and in accordance with the terms of that provision, but if not so requested before the action requiring consent is taken, consent may be withheld in the Lender's sole and absolute discretion.

E. Construction; Governing Law. The Loan Documents shall be construed in accordance with a reasonable interpretation of the express terms thereof, and shall not be construed strictly in favor of, or against, either party. This Loan Agreement is governed by and shall be construed in accordance with the laws of the State of Washington and ordinances of The City of Seattle. The titles of the parts, sections and subsections of this Loan Agreement are for convenience only, and do not define or limit the contents.

F. Severability. If any provision hereof, or the application thereof in any circumstances, shall be held invalid, unlawful, or unenforceable then the remainder of this Loan Agreement, or the application to other circumstances, as the case may be, shall not be affected.

G. Duration. This Loan Agreement shall remain in effect so long as any amount is outstanding on the Loan. In addition, provisions hereof that by their terms survive the expiration or termination of this Loan Agreement, or that require performance after the repayment or satisfaction of the Loan, and any other provisions not fully performed when the Loan shall be fully paid or satisfied, shall continue in effect.

4.20 Regulatory Agreement.

Borrower shall comply and ensure compliance with the terms of the Regulatory Agreement. Notwithstanding the incorporation by reference of the Regulatory Agreement herein, as the Regulatory Agreement may be amended, shall survive the termination of this Loan Agreement and/or full payment of the Promissory Note and shall remain in full force and effect until expiration or termination in accordance with its terms.

4.21 Word Usage.

The use of the singular herein shall include the plural and the plural shall include the singular and the use of any gender shall be applicable to all genders and likewise include a corporation, partnership or other entity, all as the context requires.

4.22 Conditions and Covenants.

Unless otherwise specified, all provisions of the Loan Documents requiring performance or forbearance of any kind by Borrower shall be construed both as covenants of Borrower and as conditions to the obligations of Lender.

4.23 Relocation.

Borrower represents and warrants that no residential tenants have been required to vacate or will be required to vacate the Property temporarily or permanently because of the Project. Borrower shall comply fully, at Borrower's sole expense, with any applicable provisions of SMC Chapter 20.84, and shall indemnify Lender for any liability or expense under that Chapter.

4.24 Time of the Essence.

Time is of the essence of all of the terms and conditions of the Loan Documents.

4.25 Additional Documents.

Borrower shall execute and deliver to Lender, promptly upon demand by Lender, all additional documents that Lender shall reasonably require to perfect Lender's security interests or to give effect to the intentions of any of the provisions of the Loan Documents.

4.26 No Partnership or Agency Relationship.

The sole relationship between the parties hereunder is as Borrower and Lender. Nothing in the Loan Documents shall be construed to create any partnership or joint venture or to make either party the agent or employee of the other. Neither Borrower nor any of its partners, members, officers or employees shall hold themselves out as the partner, employee or agent of Lender or as having any authority to act on behalf of Lender or to bind Lender in any matter.

PART V: REGULATORY TERMS AND CONDITIONS

5.1 Other Governmental Funding Requirements.

If federal, State or County funds are a source of other financing for the Project or of operating subsidies for the City-funded Units, then Borrower represents, warrants and covenants that it has complied with and shall comply with all applicable federal, State, and County regulatory requirements related to such other financing or subsidies. Compliance with any such requirement shall not be a substitute for compliance with, or excuse any failure to comply with, any provision of the Loan Documents, unless expressly so agreed in writing by Lender.

5.2 No Support of Religion.

Borrower represents and warrants that the Units and any other facilities in the Property shall be available to persons regardless of religion. In accordance with Washington State Constitution, art. I, section 11, which prohibits the application of public funds to any religious worship, exercise or instruction or the support of any religious establishment, neither Borrower

nor any organization leasing the Property from Borrower or managing the Property for Borrower shall use any part of the Property to which any Loan funds are allocable for any such religious purposes, nor shall any portion of the Loan be used, directly or indirectly, for any such religious purpose or the support of any religious establishment. If the Property includes any nonresidential portion, then this provision is not violated if any part of the nonresidential portion of the Property that is made available generally for lease, or for use by nonprofit organizations or community groups for activities involving speech or assembly, is (A) leased to a religious organization, (B) made available for use by a religious organization, or (C) made available for activities of a religious nature, provided in each case that in leasing or making available such premises there is no discrimination between religious and non-religious organizations or activities and no discrimination among religious organizations or beliefs. No person shall be required to attend any religious service as a condition of eligibility for tenancy in the Property. Nothing herein shall in any way restrict the free exercise of religion by any person.

5.3 Political Activity.

No portion of the Loan shall be used for any partisan political activity or to further the election or defeat of any candidate for public office or to influence the approval or defeat of any ballot issue or legislation.

5.4 Competitive Bidding.

If the Project involves construction work with an estimated cost of Twenty-Five Thousand Dollars ($25,000.00) or more, all such work shall be bid competitively except to the extent such requirement is expressly waived in writing by OH. If the estimated cost of all such work is less than Twenty-Five Thousand Dollars ($25,000.00), formal competitive bidding shall not be required, but to the extent feasible Borrower shall obtain competitive bids or estimates from multiple contractors prior to awarding a contract. Contractors' qualifications shall be subject to review and approval by Lender prior to the commencement of Construction, and Lender shall have the right to reject any contractors it deems unqualified. Lender may, subject to any applicable requirements of state or federal law, permit prequalification of contractors to establish a defined list of contractors for competitive bidding. Borrower shall, in any event, comply with any competitive bidding requirements that apply to Borrower's projects generally or that apply to this Project as a result of any funding other than this Loan.

5.5 Prior Actions; Indemnity

Borrower represents and warrants that in all actions related to the Project to date Borrower have complied with all applicable requirements referred to in this Part V. Borrower and Sponsor shall indemnify and hold harmless Lender from any loss, damage, expense, claim or demand (including without limitation reasonable attorneys' fees and costs) resulting from (A) Borrower's or Sponsor's failure to comply with any applicable provision of this Part V, any other federal or State requirement identified in this Loan Agreement, or any other governmental requirement applicable as a result of any federal, State or County assistance received by Borrower or Sponsor other than through this Loan Agreement, (B) Borrower's or Sponsor's failure to maintain adequate records to demonstrate such compliance, or (C) any breach of Borrower's warranty in this Section.

5.6 Survival of Obligations.

All of Borrower's obligations under this Part V shall survive repayment of the Loan and shall survive any expiration or termination of this Loan Agreement.

PART VI: PROPERTY OPERATIONS

6.1 Management

Borrower shall submit to Lender, for Lender's approval, a proposed management plan for operation of the Property ("Management Plan"). This plan shall include: (A) a description of management philosophy and experience managing the proposed client population; (B) identification of key staff positions involved in managing the Property including their responsibilities and describing a program for staff training; a description of the process for determining rent increases and for informing tenants of rent increases; (C) procedures for dealing with late payment of rent and damage to units; policies for making budget adjustments including expenditures of operating reserves; (D) the long-term maintenance plan and schedule for both interior and exterior of the Property; (E) a description of building security and emergency plans; (F) how vacant units will be marketed and filled; and (G) a description of the ongoing community involvement strategy, including procedures for dealing with concerns or complaints of neighbors and tenants. Borrower shall make any modifications to the Management Plan required by Lender within thirty (30) days' notice from Lender, and in any event shall deliver a final Management Plan acceptable to Lender no later than the date stated in (or determined in accordance with) the Basic Loan Terms above. Borrower shall operate the Property in accordance with the Management Plan as deemed acceptable by Lender, and shall not materially modify the Management Plan or management policies without the prior written consent of Lender, which shall not be unreasonably withheld and shall be deemed granted if such consent is not denied in writing within ten (10) business days of notice to Lender of a proposed change. The Management Plan must comply with any additional requirements specified in the Loan Documents. No consent, acceptance or approval regarding a Management Plan or amendment thereto shall be construed as a waiver or modification of any requirements of the Loan Documents.

6.2 Occupancy.

Borrower shall comply with the occupancy requirements stated in the Regulatory Agreement.

6.3 Rent Levels.

Borrower shall comply with the rent requirements stated in the Regulatory Agreement. In the event that the Property does not meet such affordability requirements for the specified time period, then notwithstanding any other provision of the Loan Documents, after notice and opportunity to cure as set forth in Section 4.6, such failure shall be an Event of Default and the City shall have the right to declare all amounts owing on the Loan immediately due and payable.

PART VII: COMMUNITY NOTIFICATION

7.1 Community Notification. Borrower or Sponsor has submitted a Community Notification and Good Neighbor Plan to cover the period through one full year of operation. Borrower represents and warrants that Borrower or Sponsor has carried out the community notification activities described in its application to OH, and those described in such Plan, as having been performed or as intended to be performed prior to the date hereof. Borrower shall carry out such Plan, with such modifications as may be approved by, or required by, OH. Progress satisfactory to OH in carrying out such Plan shall be a condition of the Lender's obligation to disburse Loan funds.

PART VIII: SPECIAL PROVISIONS

The provisions of this Part VIII shall supersede any provisions above that are inconsistent with them, but where possible shall be construed so that each provision shall be given effect.

8.1 SEPA . Notwithstanding any other provision of this Loan Agreement, if after review under the State Environmental Policy Act ("SEPA") Lender determines that any of the uses or actions contemplated in this Loan Agreement may have an adverse effect on the environment that cannot be sufficiently mitigated without modification of such contemplated uses or actions, then to the extent required to comply with SEPA, the parties shall negotiate any alternative arrangements that would achieve the same balance of interests made originally. Within fifteen (15) days after notice to either Lender or Borrower of the circumstances set forth above, representatives of Lender and Borrower shall meet to discuss reasonable alternatives designed to mitigate any adverse effect on the environment without a loss of affordable housing. Following such meeting(s) and any additional review or process required by applicable laws or ordinances, the Lender and Borrower shall authorize an appropriate amendment to this Loan Agreement and any other actions Lender deems necessary to implement the selected alternative.

8.2 Development Plan . By no later than October 31, 2026, Borrower must deliver to the City a finalized development plan for the Project acceptable to the City. The development plan should include, but not be limited to, a proposed development design, committed and anticipated additional financial resources to be dedicated to such development, and an estimated development schedule providing for the completion of the City-funded Units in accordance with the unit mix, count and affordability as set forth in the Regulatory Agreement on or before October 31, 2029.

8.3 Survival of Obligations. All obligations of Borrower under this Article VIII, and all provisions of this Loan Agreement regarding the acquisition, development and/or construction of the Project, any other construction or alterations on the Property, and recordkeeping and reporting, shall survive repayment of the Loan and shall survive any expiration or termination of this Loan Agreement, and shall remain in effect until fully performed in accordance with their terms or, if of a continuing nature, so long as the Regulatory Agreement remains in effect. This Section does not limit the effect of other provisions for survival of obligations in this Loan Agreement or other Loan Documents.

[Signature on following page]

In witness whereof, Borrower and Lender have executed this Loan Agreement as of October ___, 2021.

BORROWER:

1601 YESLER LLC,
a Washington limited liability company

By: Africatown Community Land Trust, a Washington nonprofit corporation,
its Manager

By: _____
K. Wyking Garrett, President

Address: c/o Africatown Community Land Trust
1437 South Jackson Street, Suite 100
Seattle, Washington, 98144

LENDER:

THE CITY OF SEATTLE,
a Washington municipal corporation

By: _____
Laurie Olson, Capital Investments Manager
Office of Housing

Exhibit (following Sponsor Agreement):

A. Property Acquisition Budget

Consent, Waiver, Subordination, Indemnity, Representation and Warranty of Sponsor:

AFRICATOWN COMMUNITY LAND TRUST, a Washington nonprofit corporation ("Sponsor"), hereby consents to the terms of the foregoing Loan Agreement and in consideration of the execution thereof, irrevocably waives and releases any right or interest Sponsor may have to receive any loan or other financial assistance, for the acquisition of the Property from or through The City of Seattle Office of Housing, whether by virtue of the letter dated on or about September 13, 2021, or any other letter or award notice from such office or otherwise, and agrees to indemnify and hold harmless The City of Seattle from any claim to any such assistance based on any assignment or transfer from Sponsor, voluntary or involuntary, or any interest in or claim to any such assistance derived from Sponsor, except such claims as Borrower may have under the foregoing agreement. Sponsor represents and warrants that Sponsor has assigned to Borrower all of Sponsor's rights with respect to Office of Housing funding for the Property, free and clear of any claims or interests of any other parties.

Sponsor agrees that Sponsor shall not be entitled to receive any payments from Borrower in respect of any fee, distribution, promissory note, deed of trust, or deferred developer fee, and that if any such amounts shall then be received by Sponsor, they shall be held in trust by Sponsor for the benefit of Lender, and Sponsor shall promptly pay such amounts to Lender.

Sponsor further agrees that notwithstanding any provisions in any agreement between Borrower and Sponsor with respect to the Property, if the Property shall be transferred pursuant to any trustee's sale, foreclosure, deed in lieu thereof, or court order, neither Lender nor any other transferee or successor owner of the Property shall have any obligation or liability to Sponsor or its successors or assigns under any such agreement.

SPONSOR:

AFRICATOWN COMMUNITY LAND TRUST,
a Washington nonprofit corporation

By: _____
K. Wyking Garrett, President

Address: 1437 South Jackson Street, Suite 100
Seattle, Washington, 98144

Exhibit A
Project Acquisition Budget